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Product Brief

Austrian Baby/Infant Food Market 2002

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Report Highlights:

The Austrian Baby/Infant Food Market is served primarily by domestic companies with imports coming mainly from Germany. U.S. exporters may find small market niches for high quality products.

Includes PSD changes: No
Includes Trade Matrix: No
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Austrian Baby/Infant Food Market

Summary

The lion's share of baby food on the Austrian market is produced by domestic companies. The birth rate is declining and the breast feeding rate is high. Nevertheless, consumption of baby foods is rising. Due to competition from domestic and EU traders, potential U.S. exporters may find only a niche market for high quality products. End summary.

Euro 1 = US \$ 0.89

Production

In Austria seven companies produce baby food. They are: Hipp in Gmunden (the market leader in glass packed foods), Milupa in Hallein (the market leader in infant milk products), Nestle in Vienna, Knorr in Wels (the market leader in ready-made semolina gruel), Byk Oesterreich Pharma in Vienna (the market leader in special baby foods sold mainly in pharmacies and drug stores), Agrana in Tulln, and Ja!Naturlich in Wiener Neudorf. These companies supply all areas of the country.

Market

Growth in baby food consumption has slowed in recent years.

However, due an increase in the varieties of baby food on the market coupled with scientific innovations in product formulation have resulted in an overall increase in sales value.

Mothers have become very nutrition conscious, which is reflected in the extremely high breast feeding rate. As a consequence, sales of infant baby formula has declined in recent years. On the other hand, cow milk as part of baby food is avoided as long as possible, which has resulted in rising sales of prepared baby formulas for "older" babies.

Baby Food Sales

Product	2000 turnover in million Euro	1999/2000 turnover change in%	2000/2001 turnover change in%
Ready made milk formula	28.7	0.0	+2.7
Dry food	8.4	-2.0	+3.4
Infant tee	2.8	+13.2	+2.1
Glass packed food	23.1	+0.6	+5.8

According to market researchers, there is hardly a sector where brand fidelity is as strong as in the baby food sector.

There is a huge assortment of baby/infant foods on the market. There are soluble dry milk products, ready made semolina gruels, other grain gruels, gruels with other products, e.g. honey; various glass packed foods made of various vegetables and/or fruits and/or meats; fruit and vegetable juices, and infant tees. All Ja! Natürlich products and Hipp products are organic and some firms offer products from conventional and organic production. In addition, baby/infant food is available for various age groups.

Expansion of assortment, innovation and nutrition awareness by young mothers should again result in some sale increase in 2002. However, the birth rate continues to decline. In 2000, the number of newborns (78,300) rose 0.2% compared to 1999, because it was a leap year. For 2001, a further drop by about 3% is expected.

There is a trend to milk foods with little allergenic effects and to pro-biotic products. Consumption of dry food may decline slightly.

Price Examples

Hipp rice, vegetable, chicken meal in glasses, 190 g, for babies 4 months and older.....Euro 1.23

Hipp potato, vegetable, chicken meal in glasses, 220 g, for babies 8 months and older.....Euro 1.30

Alete (of Nestle) potato, tomato, chicken meal in glasses, 220 g, for babies 8 months and older.....Euro 1.09

Hipp red fruit juice 0.5 liter bottle.....Euro 1.44

Ja! Naturlich carrot and apple juice in 0.5 liter bottles.....Euro 1.44

Hipp herb tee in 200g cylinder boxes.....Euro 2.17

Milupa milk gruel with fruits in box, 300g,.....Euro 2.17

Knorr infant semolina, ready to eat after addition of water, in box, 500g, Euro.....2.39

Beba (of Nestle) permanent milk food #1, in box, 900g.....Euro 10.16

Beba (of Nestle) milk feed for babies of 4 months and older, in box, 900g.....Euro 8.69

Marketing Channels

Baby food is available in food shops, drug stores, and pharmacies. The major share is sold by food stores, particularly the large supermarket chains, followed by drug stores. Previously a relatively large share of baby food was also sold by pharmacies. However in recent years the latter concentrated on special, health related baby foods.

The large supermarket chains buy baby food usually directly from the producing firms, whereas smaller shops receive these products through wholesalers. The six largest retail chains cover about 95% of the country's total food market.

Legal Requirements

Baby food must comply with Austrian regulations (ordinance 531 of 1995, 292 of 1997, and 133 of 1998), which all are EU harmonized. According to these regulations, minimum and maximum contents are required for proteins, carbo-hydrates, minerals etc. The composition must be indicated on the label. No information must suggest that formula is equal to or better than mother's milk. Stick on labels complying with EU regulations are accepted.

Import Requirements

Infant foods containing milk products require an import license from "Agricultural Market Austria". Foods containing meat products require a veterinary certificate and can only come from processing plants approved to export to EU countries.

U.S. Export Opportunities

As the Austrian market is served mainly by domestic production, imports are small and come primarily from Germany. U.S. exporters may find small market niches for high quality U.S. products.

U.S. traders can obtain a list of potential importers from the agricultural office of the American Embassy in Vienna, Austria; fax: 011 43 1 31 08 208.